

Message Text

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TO AMEMBASSY LONDON IMMEDIATE
INFO AMEMBASSY LUSAKA IMMEDIATE

C O N F I D E N T I A L STATE 122531

STADIS/////////////////////////////////
LIMDIS - LONDON FOR SEITZ

E.O. 11652: GDS

TAGS: EAID, EFIN, ZA, UK, US

SUBJECT: NEW ECONOMIC AID FOR ZAMBIA

REF: STATE 114568

1. PLEASE DELIVER THE FOLLOWING MESSAGE FROM DICK MOOSE TO JOHNNY GRAHAM AT FCO ASAP.
2. FOLLOWING IS AN OUTLINE OF HOW WE PROPOSE TO HANDLE ECONOMIC AID QUESTIONS DURING THE KAUNDA VISIT, AS I PROMISED DURING OUR CONSULTATIONS LAST WEEK. OBVIOUSLY, THIS IS FOR HMG'S INFO ONLY, PARTICULARLY SINCE ALL INCREASES ARE MERELY PROPOSED, AND ARE STILL AWAITING
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- BUDGETARY CLEARANCE; CONGRESSIONAL APPROVAL WOULD ALSO BE REQUIRED, OF COURSE, FOR POST - FY 78 LEVELS.
3. IF WE GET OUR WAY, WE WILL TELL KAUNDA THAT THE U.S. IS PREPARED TO SEEK INCREASED ECONOMIC AID TOTALLING \$ 109.3 MILLION OVER THIS AND THE NEXT TWO FISCAL YEARS, CONSTITUTED AS FOLLOWS: (THE BREAKDOWN WOULD NOT NECESSARILY BE SHARED WITH THE ZAMBIANS)

(\$ MILLIONS)	FY 78	79	80
SECURITY SUPPORTING ASSISTANCE (COMMODITY IMPORT LOANS)	30	20	30
PL 480 TITLE I	8.5	10	10
PL 480 TITLE II	.26	.25	.25

2. YOU WILL RECALL FROM OUR CONSULTATIONS THAT TO REACH THESE AID LEVELS WOULD MEAN INCREASING THIS FISCAL YEAR'S PL-480 LEVEL , MORE THAN DOUBLING NEXT YEAR'S, AND SETTING A RELATIVELY HIGH PL 480 LEVEL FOR FY 80, FOR WHICH THE BUDGETARY PROCESS IS JUST BEGINNING. I AM FAIRLY OPTIMISTIC ABOUT OBTAINING THE INCREASE IN THIS YEAR'S, BUT UNCERTAIN HOW MUCH WE CAN EXPECT BEYOND THAT.

4. SIMILARLY, WE ARE SEEKING BUDGETARY AUTHORITY TO SET A \$30 MILLION SECURITY SUPPORTING ASSISTANCE LEVEL FOR FY 80, BUT I CANNOT ASSESS OUR CHANCES OF SUCCESS.

5. IF WE DO NOT SUCCEED IN OUR EFFORTS WITH THE BUDGET PEOPLE, OR ARE UNABLE TO BE SPECIFIC ABOUT FY 80, WE WILL HAVE TO MAKE THE BEST OF WHAT WE CAN GET. IN THAT
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CASE, WE WOULD MERELY CITE WHAT WE ARE ALREADY DOING, DESCRIBE WHAT WE ARE SEEKING IN FY 79, AND GIVE A GENERALIZED PROMISE THAT WE WILL INCREASE OUR AID OVER THESE THREE YEARS TO LEVELS RESPONSIVE TO ZAMBIA'S NEEDS. I DO NOT EXPECT THAT THIS WOULD PLEASE KAUNDA, OR GIVE HIM WHAT HE NEEDS AT HOME, BUT IT WILL BE THE BEST WE CAN DO UNDER THOSE CIRCUMSTANCES.

6. I WILL LET YOU KNOW HOW THIS PROCESS COMES OUT. IN THE MEANTIME, IF YOU COULD GIVE US SOME IDEA OF WHAT TACK YOU PLAN TO TAKE WITH KAUNDA ON ASSISTANCE QUESTIONS, THAT WOULD BE VERY HELPFUL.

7. PLEASE CABLE ANY GRAHAM RESPONSE ASAP. SLUG STADIS, FOR AF/MOOSE ONLY.
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